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COMMODITY CREDIT CORPORATION

EXPORT CREDIT SALES PROGRAM



Issued by:
Office of the General Sales Manager
Commodity Stabilization Service
United States Department of Agriculture
Washington, D. C.

UNITED STATES DEPARTMENT OF AGRICULTURE
Commodity Stabilization Service
Washington 25, D. C.

EXPORT CREDIT
ANNOUNCEMENT NO. GSM-2
June 15, 1956

CONDITIONS AND PROCEDURE FOR CREDIT ARRANGEMENTS COVERING
TOBACCO PLEDGED TO COMMODITY CREDIT CORPORATION

GENERAL

This announcement contains the conditions and procedure applicable to the extension of credit by the Commodity Credit Corporation (hereinafter referred to as "CCC") on export sales of tobacco pledged to CCC for loan. This credit program is designed to assist in the sale and exportation of tobacco pledged to CCC by permitting payment for the tobacco to be deferred for up to three years. For example, a foreign manufacturer can increase his stock level of U. S. tobacco by arranging through his bank to have payment for the tobacco assured by a U. S. bank and by pledging the tobacco to his bank to support the assurance. Under this program, a purchaser (the U. S. exporter) is required to submit an application for credit arrangements to the Department of Agriculture, Washington, D. C. After obtaining approval of the credit arrangement, the purchaser will purchase the tobacco from the grower cooperative association (hereinafter called the "association") which has pledged the tobacco to CCC for a price support loan. A list of the associations through which tobacco price support is made available and the kinds of tobacco handled by each association is attached.

CCC will announce from time to time the interest rates applicable to credit arrangements.

The provision of Public Law 664, 83rd Congress, which requires shipment on U. S.-flag commercial vessels, is not applicable to shipments to private importers of tobacco purchased under this credit program.

SUBMISSION OF APPLICATIONS

Applications for credit arrangements should be submitted in writing to the General Sales Manager, Commodity Stabilization Service, U. S. Department of Agriculture, Washington 25, D. C.

Applications should refer to this announcement and amendments thereto, and include the following information:

- (a) The approximate quantity and dollar value of the tobacco to be purchased.
- (b) The association(s) from which the tobacco is to be purchased and the country of destination.

(c) Period during which purchases are expected to be made.

(d) The period of deferred payment desired.

(e) In the case of deferred payment periods of over six months, the extent to which importers will not be required to make immediate payment in United States dollars for the tobacco delivered.

(f) The name of the bank(s) in the United States which will assure payment of the purchase price plus interest and the nature of the document(s) to be executed by the bank(s) for this purpose.

(g) The per annum interest rate as announced by CCC in effect on the date of the application.

If, after receipt of an application, CCC desires additional information in order to give consideration to the application, the prospective purchaser will be so advised. CCC reserves the right to reject any and all applications. If any of the terms of the application are not acceptable, CCC may submit a proposal to the prospective purchaser and he will be given an opportunity to accept or reject the proposal.

CONDITIONS GOVERNING CREDIT TRANSACTIONS

The terms and conditions of this announcement, any amendments thereto, the application made by the purchaser and the acceptance thereof by the Vice President, CCC (General Sales Manager, CSS) or the proposal made by CCC and the acceptance by the purchaser, shall constitute the credit arrangement.

Section 1 - PURCHASE OF TOBACCO

The tobacco may be purchased from one or more of the associations shown on the attached list, subject to the association's terms and conditions in effect at the time of purchase. The purchaser shall notify the association at the time of purchase that the tobacco is being acquired under an approved credit arrangement with CCC. The association will have been informed of the credit arrangements or will confirm such arrangements with CCC.

Section 2 - SUBMISSION OF BANK OBLIGATION

The purchaser shall submit to the Treasurer, Commodity Credit Corporation, Washington 25, D. C., the irrevocable obligation of a U. S. bank to pay, upon expiration of the deferred payment period, the purchase price, in U. S. dollars, of the tobacco purchased from the association, plus interest thereon, if payment therefor has not been received by CCC from another source. In the case of deferred payment periods of six months or less, the bank obligation shall be in the form of an irrevocable letter of credit issued or confirmed by the bank obligating the bank to accept time drafts

drawn by CCC with documents attached, or in the form of time drafts drawn by any party to the transaction and accepted by the bank; all such drafts shall be drawn for the amount, including interest, payable at maturity. In the case of deferred payment periods in excess of six months, the bank obligation may be in the form of an irrevocable letter of credit issued or confirmed by the bank, a note or time draft executed or drawn by any party to the transaction and endorsed or accepted by the bank, or any other document which constitutes a firm obligation of the bank to pay the purchase price plus interest. Submission and approval of the bank obligation must precede delivery of the tobacco unless the association elects to assume the credit risk involved in delivering the tobacco prior to acceptance by CCC of the bank obligation. In the latter event the submission of the bank obligation must be made by the purchaser within 10 days from the date of the invoice.

Section 3 - PAYMENT PRIOR TO EXPIRATION OF CREDIT PERIOD

In the case of transactions involving deferred payment periods in excess of six months, payment may be made to CCC prior to the expiration of the deferred payment period.

Section 4 - PAYMENT OF PURCHASE PRICE AND INTEREST

Payment in United States dollars of the invoice value of the tobacco, plus interest thereon, shall be made on the day following the expiration of the deferred payment period. Interest shall be paid at the rate specified in the credit arrangement. Such interest shall run from the date of the association's invoice to the date of payment, and shall be paid, together with the purchase price, on the day following the expiration of the deferred payment period, except that if prior payment is made in the case of a deferred payment period of more than six months, interest shall be charged only to the date of such payment.

Section 5 - NON-USE OF GOVERNMENT FINANCING

(a) In making application for credit arrangements hereunder, the purchaser warrants that neither he nor any other person or firm which exports or sells for export the tobacco covered by the credit arrangement will accept in payment for such tobacco funds made available by the United States Government, or any agency thereof, expressly for the purchase of agricultural commodities produced in the United States, or funds made available as the result of the financing by the United States Government, or any agency thereof, of sales of agricultural commodities for foreign currency.

(b) In the event that the warranty set forth in this section is not complied with, the credit arrangement shall be terminated and if payment for the tobacco has not previously been made, the purchaser shall pay to CCC promptly upon demand the invoice value of such tobacco, plus interest.

Section 6 - ASSIGNMENT

The purchaser shall not assign any claim or rights to any amounts payable under the credit arrangement, in whole or in part, without express approval of CCC.

TOBACCO-GROWERS COOPERATIVE ASSOCIATIONS

BURLEY TOBACCO

Mr. W. L. Staton, Secy. & Treas.
Burley Tobacco Growers Cooperative Association
P. O. Box 860
Lexington, Kentucky

Mr. Joseph Higdon, Treas.
Farmers Federation Cooperative
P. O. Box 851
Asheville, North Carolina

Mr. H. S. Duncan, General Manager
Tennessee Burley Tobacco Growers Association
Box 390
Greeneville, Tennessee

Mr. Claude P. Bordwine, Secy. & Treas.
Virginia Burley Tobacco Growers Assn., Inc.
Abingdon, Virginia

Mr. Paul Goddard, Secy.-Treas.
Burley Stabilization Corporation
3919 East Magnolia Avenue
Knoxville, Tennessee

DARK-FIRED AND DARK AIR-CURED TOBACCO

Mr. R. A. Hammack, General Manager
Eastern Dark-Fired Tobacco Growers Assn.
800 South Main Street
Springfield, Tennessee

Mr. C. W. Maloney, President
Stemming District Tobacco Association
Henderson, Kentucky

Mr. Holmes Ellis, General Manager
Western Dark-Fired Tobacco Growers Assn.
Murray, Kentucky

Mr. E. P. Lancaster, Manager
Dark Tobacco Sales Cooperative
P. O. Box 240
Farmville, Virginia

Mr. J. Mott Robertson, Secy.-Treas.
Virginia Dark Tobacco Warehousemen's Corp.
P. O. Box 583
Lynchburg, Virginia

FLUE-CURED TOBACCO

Mr. L. T. Weeks, General Manager
Flue-Cured Tobacco Cooperative Stabilization Corp.
P. O. Box 2718
Raleigh, North Carolina

MARYLAND TOBACCO

Maryland Tobacco Cooperative, Inc.
P. O. Box 131
Upper Marlboro, Maryland

CIGAR FILLER AND BINDER TOBACCO

Mr. Robert Cool, Manager
Cigar Tobacco Cooperative
P. O. Box 125
Miamisburg, Ohio

Mr. Samuel J. Orr, Manager
Conn-Mass Tobacco Cooperative, Inc.
P. O. Box 202
Holyoke, Massachusetts

Mr. Blaine A. Pederson, Manager
Northern Wisconsin Cooperative Tobacco Pool, Inc.
Viroqua, Wisconsin

Mr. Clifford J. Mason, Manager
Wisconsin Cooperative Tobacco Growers Association
P. O. Box 191
Edgerton, Wisconsin

PUERTO RICAN TOBACCO

Cooperativa ABC Tabacalera
P. O. Box 932
Aibonito, Puerto Rico

Cosecheros de Tabaco de Utuado, Inc.
Utuado, Puerto Rico

Puerto Rico Tobacco Marketing Cooperative Assn.
P. O. Box 331
San Juan 2, Puerto Rico